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UNITED STATES BANKRUPTCY COURT

DISTRICT OF NEVADA

In re

DOUBLE JUMP, INC.

Debtor.

Lead Case No.: BK-19-50102-gs
(Chapter 7)

Jointly Administered with:

19-50130-gs	DC Solar Solutions, Inc.
19-50131-gs	DC Solar Distribution, Inc.
19-50135-gs	DC Solar Freedom, Inc.

X Affects DC Solar Solutions, Inc.
X Affects DC Solar Distribution, Inc.
X Affects DC Solar Freedom, Inc.
X Affects Double Jump, Inc.

TRUSTEE’S MOTION FOR ORDERS: (1) AUTHORIZING CONSENSUAL SALE OF PERSONAL PROPERTY BY AUCTION, (2) APPROVING SALE OF ESTATE-OWNED MSGS, AND (3) RATIFYING CONTINUING EMPLOYMENT OF CA GLOBAL AS AUCTIONEER

Hearing Date: December 9, 2019
Hearing Time: 9:30 a.m.

Christina Lovato, chapter 7 trustee (“Trustee”), for the jointly administered estates of Double Jump, Inc., DC Solar Solutions, Inc. (“Solutions”), DC Solar Distribution Inc. (“Distribution”), and DC Solar Freedom, Inc. (“Freedom”), hereby requests an Order Authorizing The Sale Of Personal Property By Auction, and an Order Ratifying The Continuing Employment Of CA Global As Auctioneer. This Motion is also supported by the separately filed Declaration of Christina Lovato.

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SUMMARY

This Motion requests approval of three matters. First, the Motion requests approval of the sale by auction of approximately 174 MSGs owned by USB Funds I and II, as more particularly described below. Second, the Motion requests approval of the sale by auction of 109 MSGs referred to as ‘orphan’ units or Estate owned units. Finally, the Motion requests ratification of the continuing use by the Trustee of CA Global as auctioneer.

RELEVANT BACKGROUND

1. On January 30, 2019 (the “Petition Date”), Double Jump, Inc. filed a chapter 11 petition and on February 3, 4 and 5, 2019, respectively, DC Solar Solutions, Inc., DC Solar Distributions, Inc. and DC Solar Freedom, Inc., each, filed chapter 11 petitions. The cases were converted to chapter 7 on March 22, 2019 and Trustee Lovato was appointed to administer each of the estates.

2. Beginning in or about 2012, Solutions manufactured mobile solar generators (“MSGs”), for sale to various limited liability companies, touting the prospect of federal green energy tax credits which provided tax advantages to the purchasers. One of the first, purchasers was a USB Fund (“USB”).

3. In October 2012, USB DC Solar Fund I, LLC (“USB I”), as buyer, entered into a Solar Equipment Purchase Agreement with Solutions as the seller, for the purchase of 100 MSGs for price of \$15,000,000.

4. USB I paid 30% of the purchase price in cash and executed a promissory note for \$10,121,177 (“Note I”), for the balance of the purchase price, repayment of which was secured by a UCC-1 security interest in the MSGs and a lien in favor of DC Solar Solutions, Inc. on the Certificate of Title issued for each MSG.

5. In December 2012, USB DC Solar Fund II, LLC (“USB II”), as buyer, entered into a Solar Equipment Purchase Agreement with Solutions as the seller, for the purchase of 150 MSGs for price of \$22,500,000. USB II paid 30% of the purchase price in cash and executed a promissory note for \$14,971,341 (“Note II”), for the balance of the purchase price, repayment of which was

1 secured by a UCC-1 security interest in the MSGs and a lien in favor of DC Solar Solutions, Inc.
2 on the Certificate of Title issued for each MSG.

3 6. Notes I and II are non-recourse.

4 7. In September 2019, Firststar Development, LLC, the investor member of USB funds
5 I and II exercised its Investor Member Withdrawal Option which becomes effective December 16,
6 2019.

7 8. Of the 250 USB I and II MSGs, only 174 have been located. Those MSGs are
8 located in Las Vegas, Nevada, Woodlake, California and other locations around the United States.

9 9. Subject to Court approval of the process, USB has agreed with Trustee Lovato that
10 she may conduct an auction of the MSGs, utilizing the services of CA Global. From the proceeds
11 of sale, USB requests that it be reimbursed for its post-petition costs of relocating and storing its
12 MSGs. These costs total approximately \$130,000.

13 10. Title to the MSGs is held in the name of USB I and II, respectively, and DC Solar
14 Solutions, Inc. is identified as the lienholder. As noted elsewhere, Trustee Lovato has yet to obtain
15 the original Certificates of Title to the MSGs and it is unclear from the AUSA whether, or when,
16 she will be able to reclaim those original papers. In order to be able to convey title to prospective
17 purchasers, CA Global is utilizing the services of an independent entity which can obtain duplicate
18 titles for the MSGs at a cost of \$125 per unit.

19 11. As a result of the relocation and assembling of the USB I and II MSGs, the Trustee
20 has constructive possession of those MSGs and has the option of proceeding with a foreclosure of
21 the DC Solar Solutions estate's security interest under applicable provisions of Article 9.

22 12. The Trustee and USB, as managing member of USB I and II, have reached an
23 agreement for the Trustee to sell approximately 174 MSGs, owned by USB I and II, located in Las
24 Vegas, Nevada, Woodlake, California and in various other locations in the United States. The sale
25 is to be free and clear of DC Solar Solutions' liens and interests.¹ The sale will be conducted in
26

27 ¹ The interests of any of the Debtors to the MSGs under any lease, including the Master Lease, would be
28 included in the interests released. Any third-party lease of any of the MSGs that are the subject of this
Motion were deemed rejected in May, so they would no longer be affected by any sale of the MSGs.

1 an online auction conducted by CA Global within approximately 30 days following Court approval
2 of this Motion. As with prior auctions conducted by CA Global, there will be a Buyers' Premium
3 of 18% paid to CA Global.

4 13. In those instances where the storage facilities at which the USB I and II MSGs are
5 located require payment of accrued storage, those amounts will be advanced by the Trustee or by
6 CA Global and be paid first out of the proceeds of sale. CA Global will also be reimbursed for its
7 out of pocket expenditures related to obtaining duplicate titles for all MSGs sold.

8 14. The sale proceeds of the USB I and II MSGs will be segregated, separate and apart
9 from the proceeds of the orphan or owned MSGs. After reimbursement of expenses advanced by
10 CA Global and by USB I and II, remaining proceeds will be assets of the DC Solar Solutions
11 estate.

12 15. The Trustee and USB I and II have each agreed to reserve, without prejudice to
13 either party, any issues related to USB Notes I and II.

14 **LEGAL DISCUSSION**

15 One of the duties of the Trustee is to reduce property of the estate to money. § 704(a)(1).
16 The property interest being liquidated here is the Estate's security interest in the MSGs. Section
17 363(f)(2) allows a trustee to sell property "free and clear of any interest in such property of an
18 entity other than the estate, only if – such entity consents." USB I and II each consented to the
19 sale process being proposed by the Trustee.

20 Because this is a chapter 7 liquidation, the Trustee is also requesting authority under
21 § 363(b) to sell the 109 orphan, or owned MSGs, utilizing CA Global as auctioneer with the
22 Buyer's premium of 18%. The sale of all MSGs contemplated by this Motion will result in the
23 cessation of accruing storage charges.

24 In the exercise of her business judgment, the Trustee believes that the sale of MSGs,
25 whether subject to the security interests held by DC Solar Solutions, Inc., or owned by DC Solar
26 Solutions, Inc., will effectively and promptly reduce the various assets to cash and will
27 substantially reduce, or eliminate altogether, the administrative efforts to deal with these MSGs on
28 a regular basis.

1 **CONCLUSION**

2 Based upon the foregoing, the Trustee requests an order authorizing the consensual sale of
3 the USB I and II MSGs described on **Exhibit A**, attached to the Declaration of Christina Lovato,
4 and reimbursement of post-petition USB I and II expenses advanced in relocating and storing those
5 MSGs, an order authorizing the sale of the orphan or estate-owned MSGs as described on **Exhibit**
6 **B**, attached to the Declaration of Christina Lovato, and an order ratifying the continued
7 employment of CA Global and its Buyer's premium of 18%.

8 DATED: November 8, 2019.

9 **HARTMAN & HARTMAN**

10 /s/ Jeffrey L. Hartman
11 Jeffrey L. Hartman, Esq., Attorney for Trustee
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